

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6540

BILL NUMBER: SB 147

NOTE PREPARED: Jan 23, 2006

BILL AMENDED: Jan 19, 2006

SUBJECT: Insurance Payments to Health Care Providers.

FIRST AUTHOR: Sen. Gard

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill specifies certain requirements for an insurer or a health maintenance organization (HMO) in requesting repayment or adjusting subsequent claims to obtain reimbursement for an overpaid claim to a health care provider.

Effective Date: July 1, 2006.

Explanation of State Expenditures: This bill will tend to increase administrative costs for health maintenance organizations and group insurance providers which could affect costs for state and local health insurance. However, the impact is expected to be minimal.

The bill provides that claim overpayment adjustments made by an insurer or an HMO must be made within two years and include a detailed statement of the reasons for the adjustments. Currently, insurers are not required to provide an explanation of the reason for the adjustment. The bill requires that a claim for an adjustment must include the identification of the claim on which the overpayment was made; the party financially responsible for the amount overpaid; and the amount of the overpayment that is being reimbursed to the insurer or HMO through the adjusted subsequent claim. (This provision would not apply in cases of fraud by the provider or enrollee with respect to the claim on which the overpayment was made.)

Explanation of State Revenues:

Explanation of Local Expenditures: See *Explanation of State Expenditures*.

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: Local units and school corporations.

Information Sources:

Fiscal Analyst: Bernadette Bartlett, 317-232-9586.